

March 11, 1980

LB 877

insurance. It must meet standards set by the Department of Insurance. Company regulation through the requirement of minimum loss ratios....the best way to control a bandit is to make sure that the money he is taking has to come back. What are we talking about, loss ratios? Some of the companies that have been most prominent in Nebraska in terms of the abuse and whose names repeatedly come up had loss ratios that ranked in the bottom two or three or four of the whole United States. Now I did not say two or three or four percent. I said out of some 450 or more insurance companies, they managed to rank in the bottom two or three or four. That means that 65...70 percent of all the money they took in never went anywhere except into somebody's pockets as supposedly salary, administrative expense or whatever. Very simply, it did not get to the individuals who were supposed to get it, which is the elderly. By setting minimum amounts that have to go back, we believe will put a number of these out of business or at least into a legitimate business. Company regulation through the requirement of minimum loss ratios then is a very important part of the bill. The figure we have set up which I feel is more than reasonable is 60 percent... at least 60 percent has to go back to the client, to the elderly. Now it should be more and most of the reputable insurance companies are way above that, but that should sure be an absolute minimum. Agent regulation....LB 877 makes any violation of its provisions subject to the unfair competition and trade practices act. An individual and company....company, are subject to a potential fifty thousand dollar penalty for willful violations. I think it is consumer protection finally in the form of full disclosure and information to assist in comparing policies and making informed decisions. You have had ample opportunity over the past several months to read the other explanations you have received of the bill. I do hope you will adopt it. I feel that it is one of the significant things we could do this session. I know each of you has probably received personal information about some particular case...some individual you know that is close to you that has been abused terribly by some of these bandits that pawn themselves off as sellers of legitimate insurance when, in fact, they are purveyors of perniciousness. I kind of like that. I move the advancement of the bill, Mr. President.

SENATOR NICHOL: Senator Landis is next, then Senator Chambers, Senator Haberman, Senator Dworak, Senator Johnson. So, Senator Landis, you are next.

SENATOR LANDIS: Mr. Speaker and members of the Legislature, I served this summer as a member of the Banking, Commerce and